

Message Text

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PAGE 01 JAKART 05219 210936Z

22

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 SSO-00

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O 210900Z APR 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 3962

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EO 11652: NA

TAGS: EIAR ID

SUBJECT: CIVAIR: NEGOTIATIONS

REF: STATE 089487

1. LETTER PER REFTEL SENT TO SALIM APRIL 15, AND AMBASSADOR FOLLOWED UP ON CALL ON SALIM APRIL 21. SALIM STILL OBJECTS TO SECOND PANAM FIFTH-FREEDOM FREQUENCY WHICH HE BELIEVES COULD ONLY BE ECONOMIC BY TAKING TRAFFIC AWAY FROM GARUDA. HE AGREES TO PARTIAL IMPLEMENTATION OF PANAM APRIL 25 SCHEDULE CHANGE ON FOLLOWING BASIS:

2. PANAM COULD IMMEDIATELY START FLYING TWO U.S.-GUAM-JAKARTA FREQUENCIES (THIRD AND FOURTH FREEDOMS) AND ONE U.S.-SYDNEY-DENPASAR-HONGKONG FREQUENCY WITH FIFTH-FREEDOM RIGHTS. IF IT WISHED, PANAM COULD ALSO FLY AN ADDITIONAL FREQUENCY ON EITHER ROUTE, WITHOUT FIFTH-FREEDOM RIGHTS, FOR TOTAL OF FOUR FREQUENCIES.

3. FOREGOING BASED ON UNDERSTANDING DISCUSSIONS WOULD BEGIN IMMEDIATELY BETWEEN GARUDA AND PANAM, WITHER WITH GOVERNMENT PARTICIPATION OR IN PARALLEL WITH GOVERNMENT-TO GIVERNMENT TALKS. THESE WOULD WORK OUT DETAILS OF PANAM ASSISTANCE TO GARUDA IN ENTERING U.S. MARKET. THEY
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PAGE 02 JAKART 05219 210936Z

SHOULD ALSO COVER ADDITIONAL FORMS OF COOPERATION BETWEEN

AIRLINES--SALIM GAVE AS EXAMPLE POSSIBLE PANAM HELP IN SWITCHING ITS FORMER HONG KONG TRAFFIC TO GARUDA. HE MENTIONED ALSO RIGHT FOR GARUDA TO MAKE TRAFFIC STOP (INSTEAD OF MERELY TECHNICAL STOP) AT GUAM; HE ADDED THAT OTHER POSSIBILITIES WOULD OCCUR TO "TECHNICAL PEOPLE."

4. SALIM ALSO ASSUMED THAT U.S. AGREEMENT TO THESE ARRANGEMENTS WOULD IMPLY APPROVAL IN PRINCIPLE TO GARUDA GETTING FIFTH-FREEDOM RIGHTS (E.G. FROM SYDNEY) AND RIGHTS BEYOND (TO CANADA OR MEXICO) WHEN IT IS ABLE TO EXERCISE THEM (POINT WAS MADE IN SALIM MARCH 25 LETTER BUT NOT DEALT WITH IN REFTEL REPLY). SALIM WOULD LIKE THIS CONFIRMED IN WRITING.

5. COMMENT: SALIM, WHILE OBVIOUSLY TRYING TO GET MAXIMUM FOR GARUDA, ALSO SEEMS GENUINELY TROUBLED ABOUT BASIS FOR EXPLANATION TO PARLIAMENT AND TO OTHER AIRLINES IF INDONESIA GRANTS FIFTH-FREEDOM RIGHTS TO PANAM AND DOES NOT RECEIVE FIFTH-FREEDOM RIGHTS IN RETURN. HE SEEMS PERSUADED THAT SINGLE FIFTH-FREEDOM FREQUENCY TO DENPASAR IS IN INTEREST OF INDONESIAN TOURISM ALTHOUGH HE ALSO WANTS THIS SUPPLEMENTED BY SPECIAL HELP TO GARUDA. WHEN AMBASSADOR SUGGESTED THAT THIS REPRESENTED ONLY THREE FREQUENCIES AND THAT USG MIGHT NEED TO RECONSIDER FOUR FREQUENCIES FOR GARUDA, SALIM SAID THAT GENUINE RECIPROCATION WAS NOT IN NUMBER OF FREQUENCIES BUT IN RIGHTS ENJOYED. GARUDA PLANS INAUGURATE TRAFFIC TO U.S. WITH TWO DC-10 FREQUENCIES WEEKLY. SALIM STRESSED THAT PANAM HAD RIGHTS TO ADDITIONAL FREQUENCIES WITH THIRD AND FOURTH FREEDOMS AND THAT IF U.S. WAS NOT PREPARED PROCEED ON THIS BASIS, ENTIRE ARRANGEMENT WOULD NEED TO BE RECONSIDERED. SALIM ALSO CONTINUED STRESS THAT "POINT BEYOND" RIGHTS GIVEN TO PANAM FROM DENPASAR REPRESENTED SOMETHING IN ADDITIONAL TO NORMAL FIFTH-FREEDOM.

6. ALTHOUGH WE STRESSED THAT PANAM ALSO WAS GIVING UP LUCRATIVE ROUTES AND SIGNIFICANT RIGHTS, SALIM WAS NOT TO BE MOVED. EMBASSY IS OF OPINION THAT FOREGOING ARRANGEMENT IS BEST THAT WE CAN GET AT THIS TIME AND DOES NOT CLOSE DOOR IN FURTHER EXPANSION OF PANAM SERVICE IF BENEFITS LIMITED OFFICIAL USE

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PAGE 03 JAKART 05219 210936Z

TO INDONESIA CAN BE DEMONSTRATED.

7. WOULD APPRECIATE PROMPT REPLY IN VIEW IMMINENCE OF PANAM SCHEDULE CHANGE.

8. PANAM REPRESENTATIVE HAS JUST ADVISED EMBASSY THAT PRIOR TO AMBASSADOR'S MEETING WITH MINISTER, PANAM RECEIVED LETTER DENYING EARLIER REQUEST FOR TWO FREQUENCIES

THROUGH BALI AND ASKING AIRLINE TO MAINTAIN PRESENT
SCHEDULE. IN OUR VIEW THIS DOES NOT ALTER SALIM'S PROPOSAL
TO US. IT DOES, IF PANAM WISHES, GIVE MORE TIME TO DISCUSS
DETAILS OF NEW ARRANGEMENT.
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